Respondents' Appendix 1

[EMBLEM]

GRINDLAYS BANK
(UGANDA)
LIMITED
(INCORPORATED IN UGANDA)

45 KAMPALA ROAD
P. O. BOX 7131
KAMPALA, UGANDA

TELEGRAMS NATIONAL KAMPALA
TELEX 61018
TELEPHONE 59011

MANAGER'S OFFICE

17th April, 1972

PRIVATE AND CONFIDENTIAL

The Manager,
First National City Bank.,
399 Park Avenue.,
NEW YORK.

Dear Sir,

Our Letter of Credit No. 110/84 dated 24.3.1972 for U.S. $406846-80 favouring J. Zeevi & Sons Haifa, Israel, advised through Workers Bank, Haifa, Israel.

We confirm our telex messages dated 14th April, 1972 read as under:—

"GOVERNMENT OF UGANDA HAVE INSTRUCTED US TO CANCEL OUR LETTER OF CREDIT NO. 110/84 DATED 24-3-1972 FAVOURING J. ZEEVI & SONS HAIFA ISRAEL FOR US $406846-80 ESTABLISHED THROUGH WORKERS BANK

Respondents' Appendix 1

HAIFA ISRAEL (STOP) DO NOT REPEAT DO NOT EFFECT PAYMENT AGAINST DRAWING US $40684-68 DUE TO BE PAID ON OR AFTER 15TH APRIL 1972 LETTER FOLLOWS"

"OUR TELEGRAM OF DATE REFERRING TO CANCELLATION LETTER OF CREDIT NO. 110/84 US $406846-80 ADD TESTWORD 23472 (STOP) REFERENCE OUR INSTRUCTIONS NOT TO EFFECT PAYMENT OF DRAWING THEREUNDER PLEASE ADD WORDS QUOTE WITHOUT REFERENCE TO US FOR FURTHER INSTRUCTIONS UNQUOTE"

Following the expulsion of all Israeli Nationals from Uganda, the Bank of Uganda, on instructions from the Uganda Government, have cancelled all existing permits for purchase of Foreign Currency by Israeli Companies which includes their approval for remittances under Letters of Credit already opened by us. These instructions have since been confirmed by the Minister of Finance.

In the circumstances we have had no alternative but to instruct you not to reimburse drawings under the above Letters of Credit but we are making effort to persuade Government to permit us to honour commitments entered into in good faith by this Bank.

We have arranged to discuss this matter with the Minister of Finance and will advise you of the outcome.

Yours faithfully,

/s/ J.H.G. HENDRIE
MANAGER
(J.H.G. HENDRIE.)

Respondents' Appendix 2

[EMBLEM]

GRINDLAYS BANK
(UGANDA)
LIMITED
(INCORPORATED IN UGANDA)

45 KAMPALA ROAD
P. O. BOX 7131
KAMPALA, UGANDA

TELEGRAMS NATIONAL KAMPALA
TELEX 61018
TELEPHONE 59011

MANAGER'S OFFICE

5th May, 1972

PRIVATE AND CONFIDENTIAL

The Manager,
The Workers Bank.,
HAIFA.,
ISRAEL.

Dear Sir,

Our Letter of Credit No. 110/84 dated 24.3.1972 for U.S. $406846-80 favouring J. Zeevi & Sons, Haifa, Israel.

We refer to our letter of the 17th April, 1972 and regret to advise that we are still precluded by the Government of Uganda, from making any payments under our above Letter of Credit.

Representations have been made by us to the Ministry of Finance and to the Bank of Uganda and we are advised that the matter is still under consideration.

Respondents' Appendix 2

In the circumstances we have had no option but to instruct our agents in New York not to effect reimbursement of the drawing due to be made on 15.5.1972 without further reference to us.

Yours faithfully,

/s/ J.H.G. HENDRIE
MANAGER
(J.H.G. HENDRIE.)

c.c.

Messrs. J. Zeevi & Sons.,
P. O. Box 10104,
HAIFA.,
ISRAEL.